



Federal Regulatory Affairs

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December 21, 2010

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

Re: *A National Broadband Plan for Our Future*, GN Docket No. 09-51; *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135; *High-Cost Universal Support*, WC Docket No. 05-337, *IP-Enabled Services*, WC Docket No. 04-36, *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92; *Intercarrier Compensation for ISP-Bound Traffic*, CC Docket No. 99-68.

Dear Ms. Dortch:

On December 20, 2010, Ken Mason, Vice President of Government and Regulatory Affairs, and the undersigned from Frontier Communications ("Frontier") met with members of the Wireline Competition Bureau to discuss the above-captioned proceedings. The following individuals represented the Wireline Competition Bureau: Rebekah Goodheart, Jay Atkinson, Patrick DeGraba, Rohit Dixon, Lynne Engledow, Victoria Goldberg, John Hunter, Kevin King, Travis Litman and Doug Slotten.

Frontier expressed its continued support of comprehensive intercarrier compensation reform consistent with its previous filings in the above-captioned dockets. Frontier reiterated its belief that the Commission should conduct its Universal Service Fund reform in concert with any changes to intercarrier compensation because of the complexities and interrelation of the issues involved.

While the entire process of reform may be difficult to complete expeditiously, Frontier urged the Commission to take immediate reform action on several issues with fully developed records that would provide immediate positive impact: Eliminating phantom traffic; ensuring the appropriate jurisdictional compensation from IP voice traffic on the PSTN on an interim basis, and prohibiting traffic pumping. Frontier identified phantom traffic and compensation from IP voice traffic as its primary concerns and provided the Commission with its estimate that five to eight percent of the traffic terminating on its network is "phantom" or disguised traffic. Frontier believes acting now on these interim steps would allow the Commission to appropriately size future intercarrier compensation reforms.

Frontier also expressed its view that should the Commission lower intrastate access rates towards the same levels of interstate, the Commission should do so over a reasonable transition period of four to five years in order to allow carriers to adjust their business models and offset any lost revenue. Frontier expressed support for the FCC working with the states throughout this process.

The Commission should be mindful that the very carriers that are doing the most to further its goal of rural broadband deployment are the ones that will likely be affected by a loss of revenue, making it critical that the carrier has the ability to replace those revenues and cash flows to enable continued future broadband investment. For this reason, the Commission should pause before it lowers access rates beyond that of the current interstate level to assess what the implications of the initial change from the intrastate to interstate rate have been and to take stock of potential unintended consequences.

Please feel free to contact me with any further questions.

Sincerely,

/s/

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cc: Rebekah Goodheart
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 Patrick DeGraba
 Rohit Dixon
 Lynne Engledow
 Victoria Goldberg
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 Kevin King
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